

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – AUGUST 4, 2004

PRESENT: Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Aidan Moore, Chief of Enforcement; Howard Roundy, Director of Information Technology; Peter Engel, Director of Store Operations; Evie Taft, Human Resources Administrator; Richard Gerrish, Spirits Marketing Specialist; Nicole Brassard, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer.
Guests: Michael Goclowski, Law Warehouses.

EXCUSED: Craig Bulkley, Bureau Chief of Administrative Services.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

The SA1000 report for the week ending August 1, 2004 shows retail sales were up about 15% compared to last year. On-premise sales increased by over 21%, off-premise sales were up 10.4%, and total aggregate sales were up about 12.84%. The traffic count increased by 5,466, and the average sale was up 11% over last year. The average ticket for this year is \$36-\$38 compared to last year at about \$34-\$35.

The W-1 Total Weekly Sales Report confirms total sales for the week increased by 12.84% or \$1,008,830, and that they also increased for the year by 8.19% or \$2,995,175. Weekly wine sales were up 20.38% or \$689,331, while they were up for the year by 10.34% or \$1,615,501. Sales of spirits increased 7.14% or \$319,499 for the week, as they did year-to-date by almost 6.6% or \$1,379,675.

B. Budget/Administrative Reports:

There was nothing of significance to report regarding outstanding depletions and post-offs for this past week.

Referring to the W-6 Expense Budget Activity Variance Report, George reported that the estimate for benefits was going to be twice as high as originally anticipated. He said information would need to be updated in a more timely manner, as family and single policies can change quickly.

At a meeting at Environmental Services last Thursday, directions were handed out regarding development of the budget. One is to be prepared for the agency, and another based upon direction from the Governor's office at a 10% reduction the first year and 8% the second year.

Accounting is currently working on year-end financials and preparing for the auditors to come back in.

2. IT Report

Howard reported that the hand-held dolphins have arrived and will be deployed in about two weeks. They should be able to be utilized for September inventory. The software is about the same as the present one, so training issues should not be significant. The old equipment will be surplus. Peter and Howard will work out a distribution system.

The NABCA daily reporting process is now complete, and it will not be necessary for them to send monthly and weekly files anymore. Readers may see some changes in statistics and variances. Howard feels the industry will be happy with the new system.

The Commission will see an increase in purchase orders, as IT staff is working to get all purchases for equipment and software ordered for next year within the next four to eight weeks.

Howard said a bad shipping file was received from Law Warehouse. Presently, there is no method of detecting such files. Howard has submitted a proposal to Law to make some changes which would eliminate this problem, and a mechanism should be in place within the next week or so.

Aidan reported that members of the N.H. Retail Grocers Association and N.H. Restaurant & Lodging Association came to Enforcement last week to view the Licensees 2000 program. They were very impressed and enthusiastic. Selected brokers will be invited to try the system out. Articles will be put in industry newsletters to inform readers that this change is underway. One suggestion was that the Commission consider selling or leasing space on the web site to retailers who wish to advertise. It was moved by Commissioner Byrne, seconded by Commissioner Russell, that steps be taken to proceed in that area. The motion was unanimously adopted.

Howard noted, however, that performance is an issue with this program. OIT has put together a plan to try to determine where the problem lies. It appears to be some kind of issue connected to the network, which may cause a delay in implementation from the planned date of August 30 to sometime in September.

Purchase of gift cards on the net will be pushed back until mid-September because of other projects taking priority. There is a limited number of 26 which can be programmed at any point in time. Howard will speak with ACR to enlist their help in solving this issue.

Commissioner Byrne mentioned that he would like to see offers for wines and spirits come in by electronic transfer rather than by e-mail.

3. Human Resources Report

Three workers' compensation claims have come in this past week, two in the stores and one in Enforcement. There will be a hearing on an individual who has been out of work almost two years, and Evie hopes this will be resolved tomorrow.

Some recruiting has been done for law enforcement positions; three more candidates remain to be interviewed.

Evie consulted with the Department of Transportation regarding training. They were very helpful in referring her to materials for this.

An RFP has been sent out for credit bureau reports, with a deadline of next Friday. Some responses have been received.

II. MARKETING & SALES REPORTS

1. Store Operations

Total store sales for the week ending 8/1/04 increased by 12.42% or \$790,945.59, with most of the growth in the Lakes Region stores.

The maintenance crew has been working at the Bedford stores. The office has been constructed, and shelving will be laid out shortly. An opening is projected for the week of August 23rd. It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve hours of operation for Store #55 Bedford, as recommended by Peter Engel, Director of Store Operations and concurred by John Bunnell, Administrator of Marketing & Sales, as follows: Monday through Saturday from 9:00 a.m. to 9:00 p.m.; Sunday from 10:00 a.m. to 6:00 p.m. The motion was unanimously adopted.

Peter received a call yesterday regarding a potential site in Northwood. The Lee and Pittsfield stores are the closest to that town at this time. Commissioner Byrne felt this would be a good location for a new store.

A meeting will be held with shelving vendors this afternoon in the first floor conference room.

Commissioner Russell reported that there will be a ground breaking ceremony on Tuesday, August 10th for Section II of the plan at the new the Keene store location from 1:00 to 4:00 p.m. on site. Formal invitations will be sent out shortly.

Peter will meet with Commissioner Russell this afternoon at 2:30 p.m. to discuss a leasing program for uniform shirts for store employees.

2. Purchasing Report

The trucks from Allied Domecq carrying products which have been out of stock have arrived. No other major problems have surfaced at this time.

3. Merchandising Report

A. SPIRITS:

1) Test Market Request (Alize Bleu):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/ /Kobrand Corporation for a new test market listing for Alize Bleu, 750ML size (assigned four-digit Code #5304), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Test Market Request (Finlandia Fusion Vodka):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/ Brown-Forman Corporation for a new test market listing for Finlandia Mango Fusion Vodka, 750ML size (assigned four-digit Code #3881), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Test Market Request (Boru Crazzberry Vodka):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Castle Brands/MHW for a new test market listing for Boru Crazzberry Vodka, 1.75L size (assigned four-digit Code #3605), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) Special Offers for September 2004:

- a. 2 items – R.P. Imports:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from R.P. Imports, based upon depletions of two (2) wine items, to be featured on sale during September 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. 5 items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of five (5) wine items, to be featured on sale during September 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 2) Special Offers for October 2004 (5 items – United Beverages, Inc.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of five (5) wine items, to be featured on sale during October 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 3) Dubeouf:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc. of a “Two For” sale, featuring two (2) Duboeuf wine items during September 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 4) Alice White Buy 2 Get One for \$1.00:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc. of a “buy 2 get one for \$1.00” sale, featuring five (5) Alice White wine items during September and October 2004, as recommended by Nicole Brassard, Wine

Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Recommended Wine Specialty Products:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve five (5) wine items to be designated as wine specialty products, to be carried in wine specialty stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Recommended Allocated Wines for Distribution to Selected Stores (27 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve twenty-seven (27) allocated wines for distribution to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

7) Primary Source Submissions (39 items – exclusive agent; 35 items – imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of thirty-nine (39) wine codes which are not from primary source, but are offered by the exclusive marketing agent, and thirty-five (35) wine codes which are not from primary source, but are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORTS – None.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated July 29 through August 3, 2004. The motion was unanimously adopted.

2. Coupon Approvals: None.

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3. Late Items: None.

Anthony C. Maiola, Chairman

John W. Byrne, Commissioner

Patricia T. Russell, Commissioner

/D. Hartford

